telegate group:
Annual financial results 2011

Consolidating the Past for a Successful Future

Martinsried
08.03.2012

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Three key themes for today...

- Review and Financial Results for 2011
- Plan and Actions for 2012
- Data claims

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- **Review** and Financial Results **for 2011**
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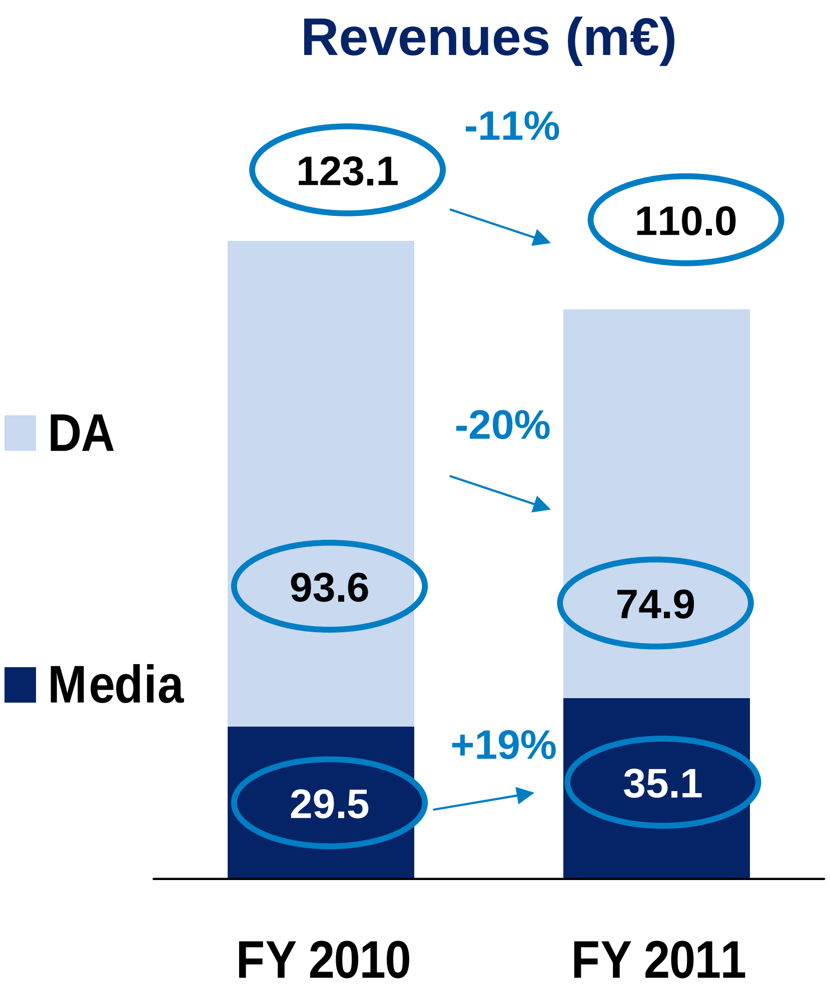
Group financial results for 2011 in line with guidance

Revenues	Revenues	110.0 m€
Margin	EBITDA* (guidance: 13 – 18 m€)	14.7 m€
Cash Flow	Operating Cash Flow	1.4 m€
Finance	Net Financial Position (as of 31.12.11)	39.0 m€

* Before non-recurring items

Revenue mix in line with expectations; search traffic building up with emerging mobile role

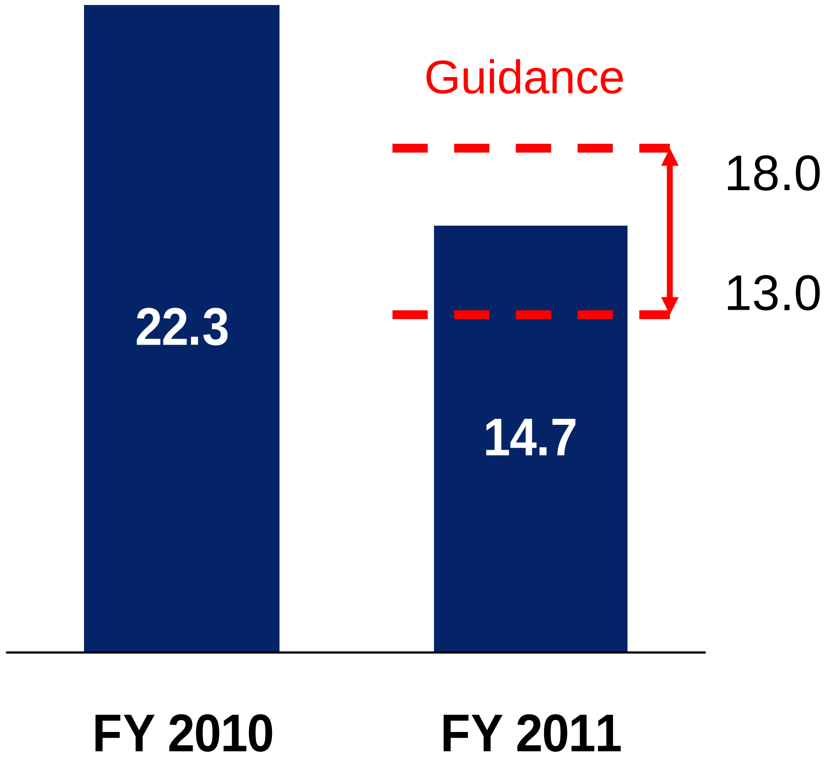


- Media revenue **increase** by **19%;**
- DA revenues **decline limited** to **-20%**
  - **Increased** average call duration partially **offset the decline** in call volumes
- **Increased** search requests on consumer channels to **300m+ ***
  - Mobile internet searches **growth 2x at 60m+*** and counting **~7.5m** searches in January 2012 signal a significant further **increase**

* 2011 yearly data

Group EBITDA in line with guidance

EBITDA* (m€)



- Churn **stabilized** in 2011
  - Further actions to improve retention already implemented in 2012
- **Improved** cost structure
  - Salesforce, Marketing, G&A and Call Centres optimizations
- **Better** Media EBITDA performance
  - but **room for improvement**

* Before non-recurring items

In a nutshell …

telegate is continuing to transform from a
Directory Assistance service
to a leading
Internet Media player
…

Three key themes for today...

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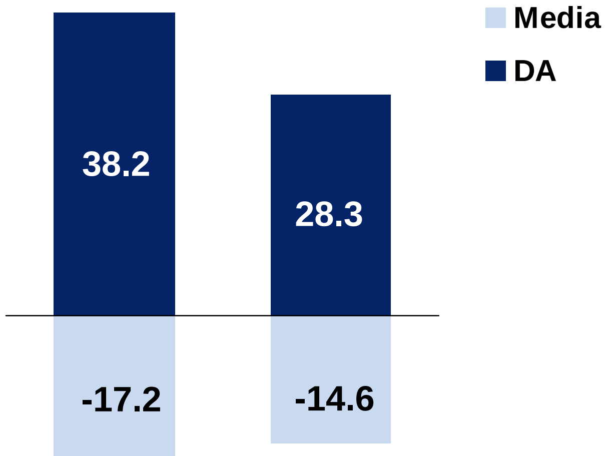
Cost reduction efforts can only soften the decline in profitability driven by different DAS/Media marginality

(m€)	2010	2011	Variance
Revenues	123.1	110.0	-11%
Gross profit	58.8%	59.1%	1%
EBIT	3.1	3.2	5%
Net Income	6.7	3.4	-49%

Development of profitability*
(at full cost in m€)



* EBITDA Germany before non-recurring items

- **Growth of Media business** about equal to **decline of DAS business**, however smaller absolute level results in total revenues declining
- **Stable gross profit margin** thanks to slight improvement of Media margin compensating the decline of DAS margin
- Reduction of the **structural cost base** by about 2.5 m€ yoy
- **Net income reduced** due to lower operating profit; last years net income impacted by write-offs of customer base (negative) and sale of Italian business (positive)

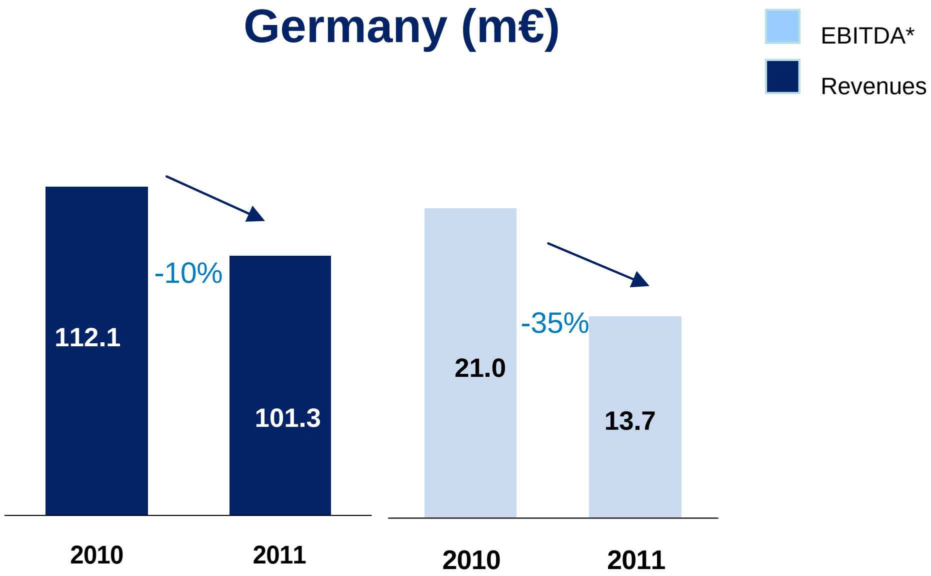
Non-Recurring actions have impacted FY 2011

- Improvements of call center **efficiency** (both in Germany and Spain) as well as of **G&A cost structure incl. termination agreement** with CEO Dr. Andreas Albath required one-off costs totaling **3.6m€** in 2011 (1.1m€ in 2010)
- **G&A cost without one-off** cost in 2011 amounted to 12.9m€, **down by 13%** from 14.9 m€ in 2010 → cost reduction efforts are visibly paying off
- **Further one-off costs of ~1m€** expected in Q1 2012 for **improvements** of G&A cost structure (mainly workforce reduction)

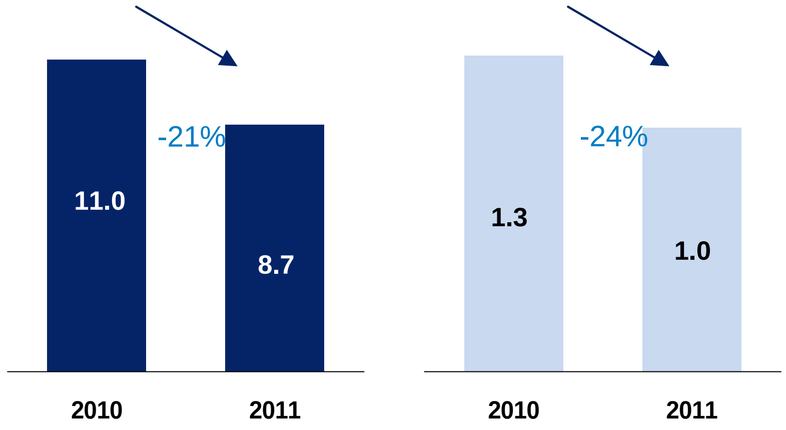
(non-recurring, in m€)	**2010**	**2011**
Cost of revenues	1.1	1.7
General Admin expenses	0.0	1.9
	1.1	**3.6**

Ongoing company transformation in Germany, Spain to benefit from full outsourcing in 2012

Germany (m€)



Spain (m€)



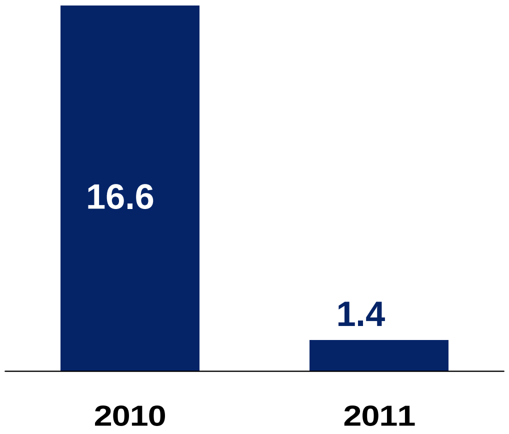
- Over-proportional decline of profitability in Directory Assistance business driven by less economies of scale
- Loss from media business reduced but still significant room for improvement

- Lower call volume driven by market decline only to minor extend compensated by higher revenue per call
- Increasing flexibility and cost efficiency of CC operations thanks to full outsourcing offshore and close down of Madrid call center in 10/11

*before non recurring items, based on full cost

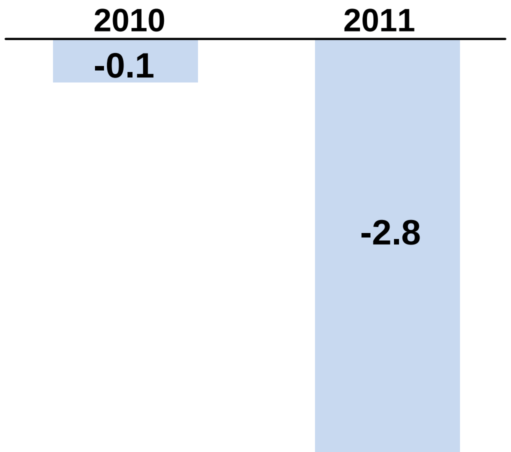
Free Cash Flow* impacted by declining operating profitability

Operating Cash-flow* (m€)



- YoY cash-flow follows profit development
- Cash-flow additionally influenced by disproportional high tax payments related to 2010 and small prepayment on 2012

Investing cash-flow* (CAPEX + M&A) (m€)

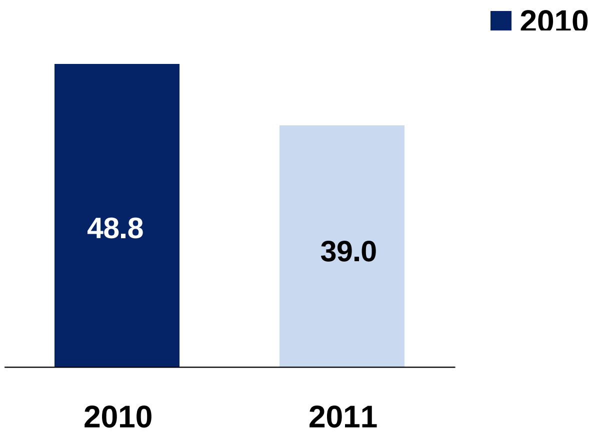


- Higher level of capital expenditures in 2011 mainly due to modernization of the voice technology
- Sale of Italian business in 2010 → Cash inflow: 3.5 m€

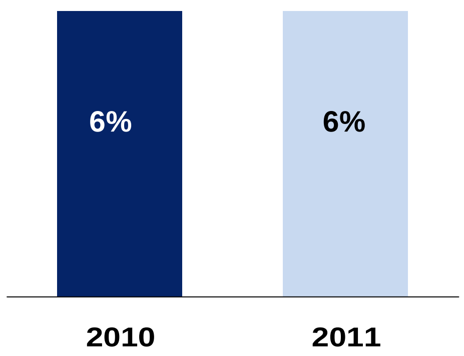
* Excluding impact from fixed term deposits & financial assets available for sale resulting in changes of fixed term deposits >3 months are reported as part of investing cash-flow (IAS 7.16), 3 months or less as part of operating cash-flow; Source: TDL/Fin

Healthy Net Financial Position and Dividend Yield

Net Financial Position* (m€)



Dividend yield**



- Net cash-flow of ~0m€ in 2011 → reduced NFP due to **dividend payment** of 9.6 m€ in 06/2011
- **Stop of forfaiting process** in Q3 2011resulted in 1.2m€ lower NFP (cash -1.2m€, receivables +1.2m€)
- **No cash deposit at SEAT anymore** since 07/2011, cash fully deposited in fix-term deposits with short-term maturity at banks

- Reduced profitability and cash-flow generation calls for **reduced dividend distribution** → 0.35€/share vs. 0.50€/share in 2011
- **Healthy NFP** and profitability of telegate AG, as well as **expected cash inflow from data claims** ensures continued attractive payout level

•incl. fix-term deposit, as of 31.12.2011
•** based on proposal to annual general meeting, share price: as of announcement of annual results (March 2011/March 2012)

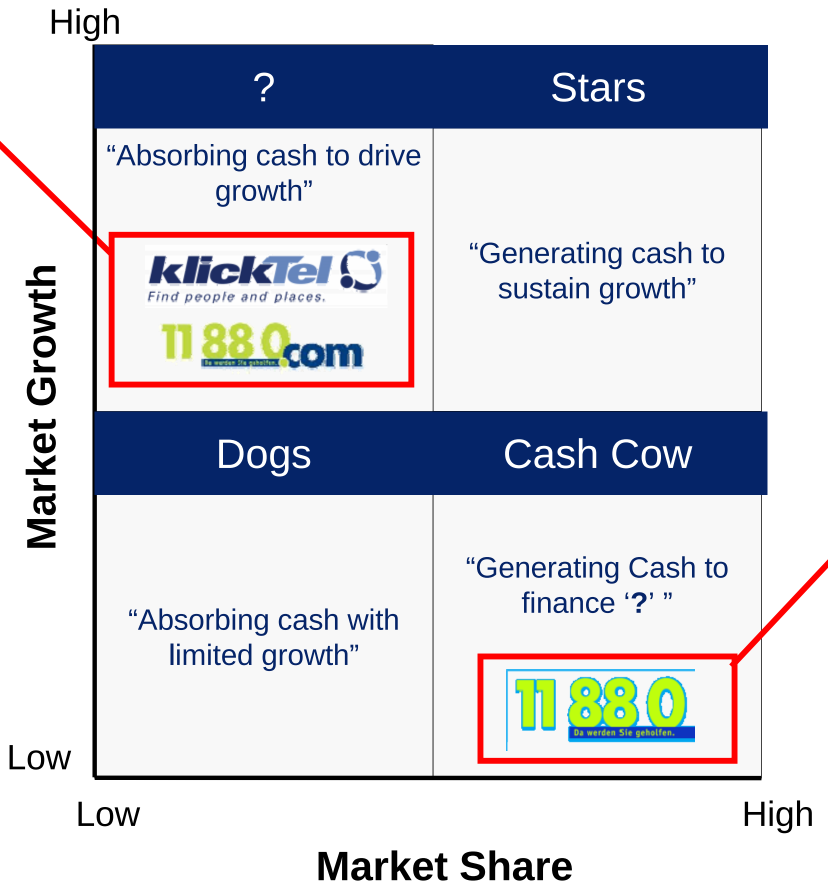
Three key themes for today…

- Review and Financial Results for 2011
- **Plan and Actions for 2012**
- Data claims

telegate is made up of two businesses balanced in terms of mutual cash flow position…

Media business
to be managed as **"?"**
to transition to **"Star"**

- Gain scale
- Improve margins



Directory Assistance
business to be managed
as **"Cash Cow"**

- Minimize investments
- Maximize cash generation

telegate database is the founding common asset enabling DA to finance MEDIA growth to profit

… and is continuing to evolve in a competitive SME media ecosystem

Illustrative

Innovative (to SME)

Physical

Digital

Traditional (for SME)

Source: telegate, 2/12

In 2012 telegate will consolidate its position to enable a disciplined and sustainable growth

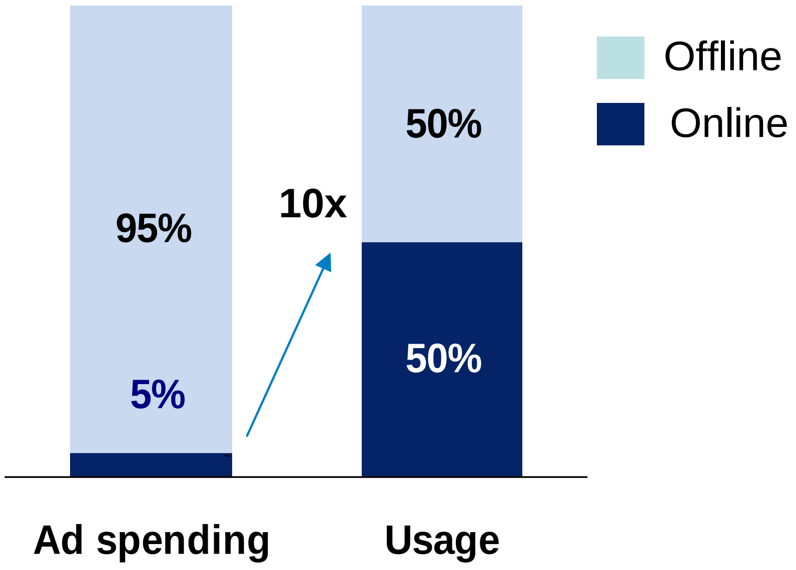
- Three key pillars across the company will represent the **focus** of **2012** consolidation

Usage / brand strategy	Go-To-Market	Operational excellence
• Assess synergy in **brand equity** • Increase **digital awareness**	• Develop Customer **Segmentation 2.0** • **Align offer** to evolving customer **needs**	• Improve **Customer retention** • Reduce **cost** base

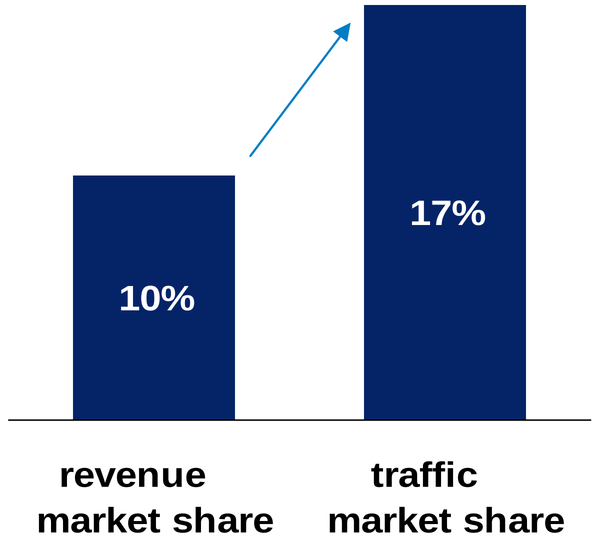
In a market with a structural 10x upside in traffic monetization, telegate has additional potential

- … derived from a **weak digital brand awareness** which contributes to its **under-monetization** compared to **benchmark** players

Market: Traffic Monetization



telegate: Usage vs. Revenues*



Source: telegate, Nielsen/Company/literature data, 2/12, Gfk study 2011

* based on online revenues and total local search traffic

Customer Segmentation will enable a disciplined use of channel for different offers

Operational excellence

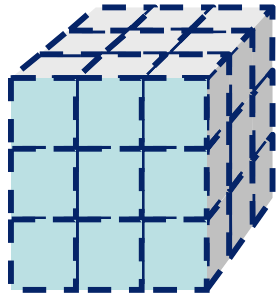
Go-To-Market

Usage / brand strategy

1 Customer Segmentation

Definition of **potential** for all customers

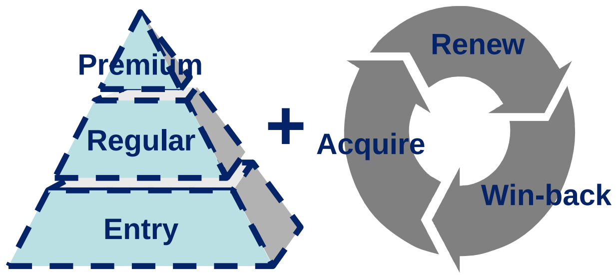
- Develop a **quantitative approach** to identify customers potential taking into account local conditions



2 Offer tailoring

Alignment of offer to price elasticity

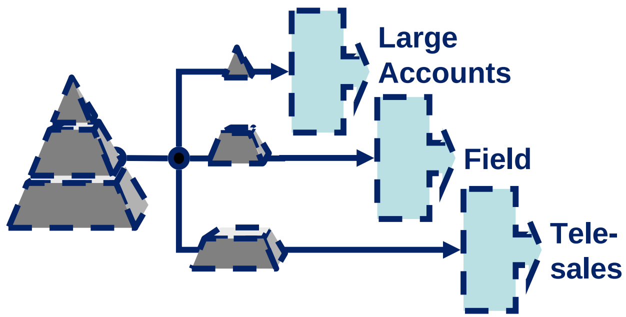
- Develop **offers** at price points aligned to **target customers** mix to fuel customer growth



3 Channel Selection

Optimize channels to protect margins

- Design **sales channel** processes aimed at **protecting margins** at all price points



Specific actions (already taken) will ensure improvement of customer retention and cost base

Operational excellence

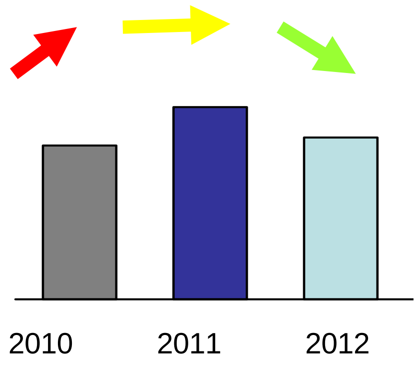
Go-To-Market

Usage / brand strategy

Improve customer retention

- Dedicated, "named" contact for each customer
- Defined actions during contract duration to improve customer satisfaction
- Incentive scheme in both Sales and After Sales with much higher focus on customer retention, including offer of 24 months contract duration

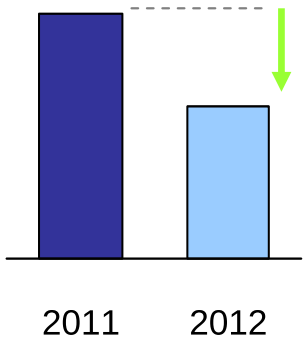
Churn rate development*



Further reduce cost base

- Improved sales efficiency in Field Sales thanks to better mix "Telemarketing appointments" vs. "own appointments"
- Reduced headcount in overhead functions
- Several initiatives aimed at further lowering G&A expenses

Structural Cost Base*



* illustrative , Source: telegate AG, 3/12

In a nutshell …

telegate is continuing to transform from a
Directory Assistance service
to a leading
Internet Media player

…

and will complete its journey
within a **financially disciplined** framework

Consolidation in 2012 will deliver a positive Net Cash Flow

Profitability	EBITDA* telegate group of 10 - 12 m€
Cash Flow	Positive Net Cash Flow** in 2012 as well as in 2013 and 2014

* Before Non-recurring items
** Operating CF + investing CF +/- interest income/expenses
Source: telegate AG, 3/12

Three key themes for us to discuss today...

- Review and Financial Results for 2011
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- **Data claims**

Very positive outlook for data-claims

- **Reclamation** claim: **95m€** (including interest)[1]
  - DTAG was not granted the right to appeal, but it has raised a non-admission complaint as last remaining remedy
  - Final judgment expected by mid 2012
  - Net of ~50m€ cash expected

- **Damage** claim: **100m€** (including interest)[1]
  - Oral hearings in 1st instance are scheduled for upcoming months:
    - telegate MEDIA AG
    - telegate AG

1. Based on 31st of Dec. 2011
Source: telegate AG, 3/12

Contacts and financial calendar

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Financial Calendar

March 8, 2012	Annual results 2011
May 3, 2012	3-months results 2012
June 27, 2012	AGM
August 2, 2012	6-months results 2012
November 8, 2012	9-months results 2012

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Backups

Consolidated profit and loss statement

in kEUR	Quarterly Report Q4 2011	Q4 2010	12-months report 2011	2010
Continuing operations				
Revenues	**26,419**	**30,335**	**110,034**	**123,106**
Revenue DA solutions	*17,428*	*22,367*	*74,923*	*93,651*
Revenue Media	*8,991*	*7,968*	*35,111*	*29,455*
Cost of revenues	-9,496	-13,544	-45,008	-50,730
Gross profit	16,923	16,791	65,026	72,376
Gross profit in %	*64,1%*	*55,4%*	*59,1%*	*58,8%*
Selling and distribution costs	-11,904	-20,124	-46,937	-54,757
General administrative expenses	-4,861	-3,209	-14,796	-14,895
Other operating income	1	3	2	396
Other operating expense	-20	-1	-80	-56
Operating income	139	-6,540	3,215	3,064
EBITDA w/o non-recurring effects	**3,534**	**5,480**	**14,700**	**22,289**
EBITDA incl. non-recurring effects	**2,038**	**4,364**	**11,122**	**21,172**
Financial income				
Income tax - current	-385	-1,525	-3,612	-6,697
Income tax - deferred	349	3,491	2,449	5,915
Income from continuing operations	**288**	**-4,074**	**3,422**	**4,364**
Discontinued operations				
Income from discontinued operations	0	-85	0	2,340
Net income	**288**	**-4,159**	**3,422**	**6,704**
Earnings per share for continuing operations (in Euro)	**0.02**	**-0.20**	**0.18**	**0.21**

Consolidated balance sheet

in kEUR	2011	2010
Assets		
Cash & cash equivalents	39,048	48,768
Tangible, intangible & financial assets	28,527	34,244
Trade accounts receivable	32,988	33,666
Financial assets & assets available for sale	1,700	1,519
Tax assets	8,566	6,950
Other assets	4,673	5,033
Total Assets	**115,502**	**130,180**
Liabilities & Shareholders' equity		
Current liabilities	47,487	54,422
Non-current liabilities	5,668	7,268
Shareholders' equity attributable to the parent	62,347	68,490
Total liabilities & shareholders' equity	**115,502**	**130,180**

Consolidated cash flow statement

in kEUR	12M 2011	12M 2010
Net income before income tax	4,585	8,044
Depreciation & amortisation	7,907	19,067
Changes in operating assets & liabilities	-4,972	879
Income taxes paid	-6,016	-4,055
Gain due to changes in consolidated group	0	0
Other items	-140	-7,306
Cash flows from operating activities	**1,363**	**16.630**
Capital expenditures	-2,790	-3,568
financial assets available for sale & deposit (< 3months)	24	0
Disposal of a subsidiary	0	3,505
Cash flows used in investing activities	**-2,766**	**-63**
Purchase of treasury shares	-12	-14,987
Dividend paid	-9,555	-14,864
Interests received	1,284	2,171
Interests paid	-35	-55
Cash flows provided by (used in) financing activities	**-8,318**	**-27,735**
Change in cash and cash equivalents	**-9,720**	**-11,164**
Cash and cash equivalents at beginning of reporting period	**48,768**	**59,932**
Cash and cash equivalents at end of reporting period	**39,048**	**48,768**

Thank you for your attention!

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Folgen Sie uns auf